

**Introduced by Senator Alquist**

January 24, 2006

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An act to amend Sections 8263.1 and 8447 of the Education Code, relating to child care.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1195, as introduced, Alquist. Child care: regional market rates.

The existing Child Care and Development Services Act establishes a comprehensive system of child care and development services for children to age 13 and their parents through full- and part-time programs. Existing law defines the term "income eligible" for purposes of determining the eligibility of a family to participate in those programs.

This bill would revise that definition to require the annual adjustment of the monthly income of a family to reflect changes in the Consumer Price Index, as specified.

Existing law provides that funds appropriated for purposes of the Child Care and Development Services Act may be used for alternative payment programs. Existing law provides that alternative payment child care systems are subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. Existing law requires the State Department of Education to contract to conduct and complete the annual Regional Market Rate Survey, as specified.

This bill would require the department to include in the Regional Market Rate Survey a statistical sample of licensed child care rates that is sufficient to establish a statistically valid and reliable means for determining the cost of child care for specified age groups in each county. The bill would also require the department to adjust the rates from the most recent Regional Market Rate Survey to reflect the changes

in the most recent Consumer Price Index, as specified, for any year in which a new Regional Market Rate Survey is not produced.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 8263.1 of the Education Code is amended  
2 to read:

3 8263.1. For purposes of this chapter, “income eligible” means  
4 that a family’s adjusted monthly income is at or below 75 percent  
5 of the state median income, adjusted for family size, and adjusted  
6 annually *for changes in the most recent Consumer Price Index, as*  
7 *published by the United States Department of Labor.* The income  
8 of a recipient of federal supplemental security income benefits  
9 pursuant to Title XVI of the Federal Social Security Act (42 U.S.C.  
10 Sec. 1381 et seq.) and state supplemental program benefits pursuant  
11 to Title XVI of the Federal Social Security Act and Chapter 3  
12 (commencing with Section 12000) of Part 3 of Division 9 of the  
13 Welfare and Institutions Code shall not be included as income for  
14 the purposes of determining eligibility for child care under this  
15 chapter.

16 SEC. 2. Section 8447 of the Education Code is amended to  
17 read:

18 8447. (a) The Legislature hereby finds and declares that greater  
19 efficiencies may be achieved in the execution of state subsidized  
20 child care and development program contracts with public and  
21 private agencies by the timely approval of contract provisions by  
22 the Department of Finance, the Department of General Services,  
23 and the State Department of Education and by authorizing the State  
24 Department of Education to establish a multiyear application,  
25 contract expenditure, and service review as may be necessary to  
26 provide timely service while preserving audit and oversight  
27 functions to protect the public welfare.

28 (b) The Department of Finance and the Department of General  
29 Services shall approve or disapprove annual contract funding terms  
30 and conditions, including both family copayment schedules and  
31 regional market rate schedules that are required to be adhered to  
32 by contract, and contract face sheets submitted by the State  
33 Department of Education not more than 30 working days from the

1 date of submission, unless unresolved conflicts remain between  
2 the Department of Finance, the State Department of Education,  
3 and the Department of General Services. The State Department of  
4 Education shall resolve conflicts within an additional 30 working  
5 day time period. Contracts and funding terms and conditions shall  
6 be issued to child care contractors no later than June 1. Applications  
7 for new child care funding shall be issued not more than 45  
8 working days after the effective date of authorized new allocations  
9 of child care moneys.

10 (c) With respect to subdivision (b), it is the intent of the  
11 Legislature that the Department of Finance annually review  
12 contract funding terms and conditions for the primary purpose of  
13 ensuring consistency between child care contracts and the child  
14 care budget. This review, shall include evaluating any proposed  
15 changes to contract language or other fiscal documents to which  
16 the contractor is required to adhere, including those changes to  
17 terms or conditions that authorize higher reimbursement rates, that  
18 modify related adjustment factors, that modify administrative or  
19 other service allowances, or that diminish copayment revenues  
20 otherwise available for services, to determine if the change is  
21 necessary or has the potential effect of reducing the number of  
22 full-time equivalent children that may be served.

23 (d) Alternative payment child care systems, as set forth in Article  
24 3 (commencing with Section 8220), shall be subject to the rates  
25 established in the Regional Market Rate Survey of California Child  
26 Care Providers for provider payments. The State Department of  
27 Education shall contract to conduct and complete the annual  
28 Regional Market Rate Survey with a goal of completion by March  
29 1.

30 *(1) The department shall include in the Regional Market Rate*  
31 *Survey a statistical sample of licensed child care rates that can be*  
32 *used to establish a statistically valid and reliable means for*  
33 *determining the cost of child care for children in the following age*  
34 *groups in each county:*

35 *(A) Birth to two years, inclusive.*

36 *(B) Three to five years, inclusive.*

37 *(C) Six to 12 years, inclusive.*

38 *(2) The department shall adjust the rates from the most recent*  
39 *Regional Market Rate Survey to reflect any changes in the most*  
40 *recent Consumer Price Index, as published by the United States*

1 *Department of Labor, for any year in which a new Regional Market*  
2 *Rate Survey is not produced.*

3 (e) By March 1 of each year, the Department of Finance shall  
4 provide to the State Department of Education the State Median  
5 Income amount for a four-person household in California based  
6 on the best available data. The State Department of Education shall  
7 adjust its fee schedule for child care providers to reflect this  
8 updated state median income.

9 (f) Notwithstanding the June 1 date specified in subdivision (b),  
10 changes to the regional market rate schedules and copayment  
11 schedules may be made at any other time to reflect the availability  
12 of accurate data necessary for their completion, provided these  
13 documents receive the approval of the Department of Finance. The  
14 Department of Finance shall review the changes within 30 working  
15 days of submission and the State Department of Education shall  
16 resolve conflicts within an additional 30 working day period.  
17 Contractors shall be given adequate notice prior to the effective  
18 date of the approved schedules. It is the intent of the Legislature  
19 that contracts for services not be delayed by the timing of the  
20 availability of accurate data needed to update these schedules.